



FOR IMMEDIATE RELEASE

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STATE BLIGHT ELIMINATION PROGRAM TO PROVIDE FUNDS FOR NON-PROFITS TO ACQUIRE ABANDONED PROPERTIES

MEMPHIS, TN – Tennessee Housing Development Agency Director Ralph M. Perrey and Memphis Mayor A C Wharton jointly announced the \$6 million Blight Elimination Program (BEP) today in front of an abandoned property at 3035 Lounette Street.

"These properties are more than just an eyesore. They hurt entire neighborhoods by bringing down property values, scaring off new development, attracting criminal activity, and creating breeding grounds of rodents and other pests," Mayor Wharton said. "I have been working with our partners at THDA to make this happen and I appreciate their support in bringing this program to fruition for the benefit of our city and others."

Wharton added that THDA's BEP initiative is an example of the support state agencies promised for his Blueprint for Prosperity when he introduced it to them and Gov. Bill Haslam earlier this year. The Blueprint has provisions for creating more affordable housing, opportunities for minority businesses and creating safe and vibrant neighborhoods, among other efforts to reduce poverty by 10 percent over 10 years.

"The scars of the housing crisis are deep and clear to see in neighborhoods all across the state," said Perrey. "We have families with children living beside empty, dangerous, uncared-for homes. It's a health and safety issue, and a quality of life issue, and an economic issue for everyone in the community."

There are approximately 350-450 properties across Memphis currently going through the condemnation process.

Under the program, qualified nonprofits will receive forgivable loans to acquire abandoned homes out of foreclosure, demolish them, and transform the property into a community park or other beneficial public function.

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Nonprofit organizations with a history of successful construction and housing development activities can apply for BEP loans up to \$25,000 starting November 1, 2015. Applications must demonstrate a clear, specific plan for the acquisition, demolition, and transformation of an eligible property, including all expenses and a list of licensed, bonded, and insured contractors and subcontractors.

Here's how it works:

Funding for BEP loans is a two-phase process. First, THDA will issue a short-term "Phase 1" loan with a zero percent interest rate to the nonprofit to provide immediate cash-on-hand to acquire, demolish, and transform the property. THDA has set aside \$1 million for these loans.

Once transformation of the property is complete and verified, the U.S. Department of Treasury will authorize THDA to issue a "Phase 2" loan. These loans allow the nonprofit to immediately pay off the "Phase 1" loan so that THDA can reissue its funds to other nonprofits for other properties under the BEP plan.

Funding for "Phase 2" loans will come from the foreclosure prevention program, the Hardest Hit Fund. THDA assisted Tennessee homeowners with more than \$193 million in federally funded loans to prevent foreclosures. As households' circumstances improved or changed, that money was "recaptured." These recaptured funds are earmarked for this program.

Nonprofits are required to maintain the transformed property for three years, at which point the "Phase 2" loan will be completely forgiven (33.3 percent per year), or it may be forgiven earlier if affordable housing is built on the lot.

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Under the leadership of Mayor A C Wharton Jr. since 2009, Memphis is becoming a City of Choice by focusing on creating safe and vibrant neighborhoods, investing in young people, creating economic opportunities for all, and delivering excellence in government. Memphis is famous around the world for the convergence of creativity and innovation that produced its most famous export – legendary music; the company that invented modern world commerce – FedEx, and the international leader in curing catastrophic childhood illnesses – St. Jude Children's Research Hospital. It has a celebrated entrepreneurial history, more Fortune 500 companies than any other Tennessee city, and it has been named one of the best cities in the U.S. for startups. It is famous as home for Elvis Presley's Graceland, Sun Studios, Stax Museum of American Soul Music, Beale Street, the National Civil Rights Museum, and the most unspoiled riverfront on the Mississippi River. City of Memphis, which employs more than 6,000 people with an annual budget of approximately \$650 million, has developed and led programs



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that have dramatically reduced crime, increased jobs, improved Memphis' quality of life, and attracted national attention and investments in the city. For more information visit www.memphistn.gov.